

Message Text

LIMITED OFFICIAL USE

PAGE 01 TOKYO 14794 170643Z

20

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-10 ISO-00 XMB-02 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /112 W

----- 012395

R 170616Z OCT 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 4140

INFO USMISSION OECD PARIS

USMISSION GENEVA

USDEL MTN GENEVA

LIMITED OFFICIAL USE TOKYO 14794

E.O. 11652: N/A

TAGS: ETRD JA

SUBJECT: PROPOSED JAPANESE EXPORT LOSS RESERVE

REF: A. TOKYO 14386 B. STATE 238096

1. ON OCT. 15 EMBOFF REVIEWED WITH MITI OFFICIAL (INOUE, DEPUTY DIRECTOR, ECONOMIC COOPERATION DIVISION, WHO RECENTLY REPLACED TAKEDA) PRESENT STATUS OF MITI'S PROPOSED PLANT EXPORT LOSS RESERVE SYSTEM AND PROSPECTS FOR ITS ULTIMATE IMPLEMENTATION. ACCORDING TO INOUE, NEGOTIATIONS ARE STILL IN PROGRESS BETWEEN MITI AND MINISTRY OF FINANCE REGARDING BUDGETARY AND OTHER LEGAL MEASURES NECESSARY TO ENACT SYSTEM BEGINNING WITH NEXT JAPANESE FY, I.E. APRIL 1976. EXCLUSION OF BUDGETARY MEASURES FROM JFY 74 SUPPLEMENTAL BUDGET (REPORTED REFTEL) WOULD NOT PRECLUDE IMPLEMENTATION IN JFY 75, HE STRESSED. HOWEVER, INOUE SAID, MOF'S USUAL NEGATIVE ATTITUDE TOWARDS PROPOSALS WITH ADVERSE BUDGETARY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 14794 170643Z

IMPLICATIONS IS COMPOUNDED AT PRESENT BY SUBSTANTIAL GOJ BUD-

GET DEFICIT, AND AS RESULT MITI NOW HAS LITTLE HOPE THAT MOF WILL ULTIMATELY APPROVE IMPLEMENTATION OF SYSTEM. ACTUAL DECISION, HOWEVER, HAS NOT YET BEEN MADE AND IS NOT EXPECTED UNTIL DECEMBER.

2. IN RESPONSE TO EMBOFF'S QUESTIONS, INOUE SAID NEITHER A) RECENT DEPRECIATION OF YEN VIS A VIS THE DOLLAR, AND RESULTANT INCREASE IN COMPETITIVENESS OF JAPAN'S EXPORTS, NOR B) RECENT PROGRESS IN JAPAN'S ECONOMIC COOPERATION WITH IRAQ (I.E. JAPAN FIRM'S WINNING MAJOR FERTILIZER PLANT CONTRACT AND INDICATIONS JAPAN MAY GET EVEN LARGER PETROCHEMICAL COMPLEX CONTRACT AS WELL) ELIMINATED, IN MITT'S VIEW, NEED FOR LOSS RESERVE SYSTEM. SYSTEM IS AIMED PRIMARILY AT EXPEDITING PROJECTS IN MID EAST FOR WHICH JAPAN PROMISED ECONOMIC ASSISTANCE, HE SAID, AND PROMISES TO COUNTRIES OTHER THAN IRAQ (I.E. IRAN) TOGETHER WITH FACT THAT JAPANESE FIRMS' REPUTATIONS ARE NOT WELL ESTABLISHED IN MIDDLE EAST, MEAN SYSTEM IS STILL NECESSARY. INOUE ACKNOWLEDGED OUR CONCERN AND SAID THAT IN MITI VIEW PROPOSED SYSTEM FALLS WITHIN GATT GREY AREA RE EXPORT SUBSIDIES AND, THUS, IS PERMISSABLE. MITI DOES NOT EXPECT GATT PROBLEMS SHOULD SYSTEM BE IMPLEMENTED, WHICH, HE REPEATED, HE DOUBTS WILL BE THE CASE.
HODGSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, ECONOMIC COOPERATION, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TOKYO14794
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750360-0510
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751045/aaaabocu.tel
Line Count: 84
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 TOKYO 14386, 75 STATE 238096
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2003 by ShawDG>; APPROVED <07 OCT 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSED JAPANESE EXPORT LOSS RESERVE
TAGS: ETRD, JA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006